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AFGHANISTAN

SUCCESS STORY

Afghanistan's First Private Insurance Firm Thrives

New insurance company promotes investment and economic growth for Afghan businesses.



The Insurance Company of Afghanistan's web portal, www.icaaf.com.

The creation of ICA as Afghanistan's first private insurer has revolutionized the Afghan insurance industry, providing affordable coverage and new services that stimulate private sector economic growth.

Photo: USAID/ASMED

Insurance firms are essential to economic growth because they facilitate investment and reduce the risk of doing business. Through USAID assistance, a major internationally recognized and underwritten insurance company is now operating in Afghanistan. The opening of the Insurance Company of Afghanistan (ICA) in early 2008 marked a significant achievement for Afghanistan's private sector, encouraging both domestic and international investment in Afghanistan while serving tens of thousands of Afghan businesses.

In order for ICA to obtain its high level of underwriter financing from abroad, USAID provided a software system for information packaging and policy reporting. This resulted in \$4.9 billion in financial backing from Lloyd's of London, one of the world's largest and most reputable insurance agencies. Although a significant level of private, start-up capital was already in place, the provision of this software system was the key to the venture's successful launch.

The establishment of an internationally recognized insurance agency in Afghanistan has provided new insurance services and dramatically reduced insurance costs. For example, since ICA's inception approximately two years ago, the cost of property insurance has decreased 70 percent. The \$1.1 billion in total coverage issued illustrates the alleviation of a serious bottleneck to investment and economic growth – a direct result of ICA's entrance into Afghanistan.

ICA has assisted many different types of enterprises that are contributing to Afghanistan's economic development. These include construction companies that need insurance to bid on U.S. Government contracts and USAID partner Turquoise Mountain Foundation, which insured an international art exhibit through ICA – a service previously unavailable in Afghanistan.

USAID leveraged public sector resources to bring together local expertise and investment with international financing. This innovative Global Development Alliance works directly through the private sector to drive important improvements for Afghanistan's business-enabling environment.